

## Message Text

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PAGE 01 STATE 013384  
ORIGIN IO-14

INFO OCT-01 CIAE-00 CU-04 INR-07 NSAE-00 AID-05 USIA-06  
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DRAFTED BY IO/UNESCO:WPOBRIEN:LL

APPROVED BY IO:CFRANK

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IO/IBC:WSOUTHWORTH

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS IMMEDIATE

INFO USMISSION GENEVA IMMEDIATE

USMISSION USUN NEW YORK

LIMITED OFFICIAL USE STATE 013384

NESCO; GENEVA FOR JULIE ANN MCGRATH

E.O. 11652: N/A

TAGS: AORG, UNESCO

SUBJECT: UNESCO GENEVA GROUP MEETING

REFS: STATE 216799, STATE 217651, STATE 222988;

PARIS 329

1. DEPT HAS REVIEWED ITS CALCULATIONS OF FY 1979-1980  
BUDGET ESTIMATE OF DOLS. 262.3 MILLION SET FORTH IN  
STATE REFTELS AND, WITH REVISIONS NOTED BELOW, NOW ESTI-  
MATES A BIENNIAL BUDGET OF DOLS. 268.4 MILLION, DERIVED  
AS FOLLOWS:

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PAGE 02 STATE 013384

1977-1978 APPROVED BUDGET ..... 224.4 MILLION  
LESS NON-RECURRING ITEMS (5 PERCENT) .... 11.2 MILLION  
1977-1978 ADJUSTED BASE ..... 213.2 MILLION  
MANDATORY INCREASES ..... 4.3 MILLION  
1977-1978 INFLATION ..... 42.1 MILLION  
DEVALUATION OF U.S. DOLLAR ..... 8.8 MILLION  
1979-1980 BUDGET ESTIMATE ..... 268.4 MILLION

2. IN ITS REVISION, DEPT HAS TAKEN INTO ACCOUNT DG'S ESTIMATE FOR MANDATORY INCREASES (THIRD-STAGE USAGE OF CHINESE, DOLS. 1.2 MILLION; WIDER USE OF SPANISH, DOLS 1.9 MILLION; CAPITAL AMORTIZATION, DOLS. 582,800; AND MAINTENANCE OF SIXTH BUILDING, DOLS. 619,000), IT HAS ALLOWED NO REPEAT NO PROGRAM GROWTH, AND HAS INCLUDED AN AMOUNT TO COVER DEVALUATION OF THE DOLLAR. (DEPT EARLIER HAD ASSUMED EXCHANGE RATE WOULD REMAIN STABLE AT 4.90 FF TO ONE U.S. DOLLAR. HOWEVER, DOLLAR HAS SLIPPED CONSIDERABLY OVER PAST SEVERAL MONTHS RELATIVE TO FRENCH FRANC AND OTHER CURRENCIES WHICH UNESCO USES IN IMPLEMENTING ITS PROGRAMS. DEPT ASSUMES DOLLAR NOW STABILIZED AT 4.70 FF AND ACCEPTS DG'S CALCULATION THAT EACH 5 FRENCH CENTIMES DROP IN U.S. DOLLAR INCREASES UNESCO'S BUDGET BY DOLS. 2.2 MILLION.)

3. RECOGNIZING THAT THIS IS A ROUGH ESTIMATE, PARTICULARLY WITH RESPECT TO EFFECT THAT FLUCTUATION OF DOLLAR MIGHT HAVE ON BUDGET, DEPT WOULD BE WILLING ACCEPT AN ITF OF DOLS. 270 MILLION WITH THE EXPLICIT UNDERSTANDING THAT WE ARE NOT MAKING A COMMITMENT TO SUPPORT THIS BUDGET LEVEL. PERMDEL SHOULD INSIST ON A NO-PROGRAM-GROWTH BUDGET, ALIGNING ITSELF WITH FRG, AND SHOULD INSIST THAT GG--AS WELL AS DG--SHOULD TAKE INTO ACCOUNT NON-RECURRING ITEMS FROM PREVIOUS BUDGET IN ARRIVING AT 1979-1980  
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PAGE 03 STATE 013384

ESTIMATE. CHRISTOPHER

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NNN

## Message Attributes

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**TAGS:** AORG, UNESCO

**To:** PARIS

**Type:** TE

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